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August 13, 2008

NEWS RELEASE

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Oil Conservation Division Issues Pit Rule Clarification Regarding Fresh Water Stations

SANTA FE, NM – The Oil Conservation Division today issued a **Memorandum** clarifying the permitting of fresh water stations in regards to the new “Pit Rule.” On June 16, 2008 a new regulation (commonly known as the Pit Rule) went into effect regarding pits, closed-loop systems, below-grade tanks, and sumps used in the connection with oil and gas operations, 19.15.17 NMAC. The clarification is to provide guidance on which activities associated with fresh water stations may be excluded from the rule and which activities and conditions require the operator to comply with the permitting requirements of the rule.

A copy of the Memorandum is attached below.

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The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

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August 12, 2008

MEMORANDUM

Clarification of permitting FRESH WATER STATIONS in regards to the new "Pit Rule" 19.15.17 NMAC

On June 16, 2008 a new regulation regarding pits, closed-loop systems, below-grade tanks, and sumps used in the connection with oil and gas operations, 19.15.17 NMAC, went into effect. The Oil Conservation Division (OCD) has received several inquiries regarding implementation of the new regulation in regards to fresh water stations. In order to address these inquiries and to provide clarification to operators, OCD is providing guidance herein on which activities associated with fresh water stations may be excluded from the rule and which activities and conditions will most likely require the operator to comply with the requirements of the rule.

Fresh Water Stations May Be Generally Excluded:

- where the operator stores fresh water in a pit or below-grade tank and the water does not exceed (a) the allowable concentrations specified in the Water Quality Control Commission regulations found in Subsections A, B, and C of 20.6.2.3103 NMAC, or (b) the unadulterated natural occurring ground water concentrations beneath the fresh water station, whichever is higher.

Fresh Water Stations That Will Most Likely Require The Operator To Comply With The Rule:

- where the operator stores fresh water in a pit or below-grade tank and the water exceeds (a) the allowable concentrations specified in the Water Quality Control Commission regulations found in Subsections A, B, and C of 20.6.2.3103 NMAC, or (b) the unadulterated natural occurring ground water concentrations beneath the fresh water station, whichever is higher; or

- where the operator stores produced water or treated produced water in a pit or below-grade tank; or

- where the operator introduces, amends, combines, or incorporates additives to any stored fresh water; or

- where any stored water that generally would not be considered fresh water, or which may be detrimental to the surrounding flora and fauna, livestock, wildlife, or natural vegetation if released; or

- where if OCD determines that the stored water may pose a threat or danger to property, fresh water, public health or the environment or is stored in a place or manner that may cause water pollution.

This memorandum is only to clarify and provide general guidance concerning whether certain fresh water stations in regard to 19.15.17 NMAC would be generally excluded or covered by the rule. Operators are encouraged to contact the OCD Santa Fe Office or District offices if in doubt on how the new pit rule applies to certain fresh water stations. Operators should be aware that this guidance does not relieve owners or operators of their responsibility if their operations pose a threat to public health, fresh water or the environment, including complying with OCD rules or regulations, the New Mexico Water Quality Act or other applicable governmental authority's rules, regulations, or ordinances. If you have any questions regarding this matter please contact Wayne Price-Environmental Bureau Chief (505) 476-3490 or E-mail wayne.price@state.nm.us.

Sincerely,



Mark E. Fesmire
Director, Oil Conservation Division

MF/wp

cc: David Brooks-OCD Legal
Daniel Sanchez, Enforcement & Compliance Manager, OCD, Santa Fe, NM
OCD District Supervisors, District I, District II, District III, and District IV, NM

